

October 14, 2004

Mr. Thomas P. Brantley, P.E.
Director of Facilities Management and Construction
Leon County Government
Department of Management Services
1907 South Monroe Street
Tallahassee, FL 32301

Dear Mr. Brantley:

Pursuant to your request, Energy Systems Group (ESG) would like to clarify payment responsibility for the Investment Grade Energy Audit Contract it has with Leon County Government (LCG). ESG recognizes that the Contract term for the Audit Agreement (entered into on December 13, 2003) has expired without ESG timely completing a final version of the audit. ESG does not expect payment for any of the draft audits submitted to date, nor does it expect payment for the final audit to be submitted in the near future. Completion of the final audit is dependent on gaining your input several key issues.

ESG has committed itself to completing the energy audits and will do so outside of the previously expired contract. It is our intent to accept these audit cost responsibilities so that we may insure successful agreement on a mutually beneficial performance contract. To that end ESG is in the process of making minor revisions to the draft audit in order to submit the final version of the audit for acceptance by LCG. The audits submitted to LCG by ESG contain a thorough technical and economic facility analysis, resulting in an energy program from which LCG will realize substantial benefit from implementation.

However, notwithstanding the obstacles to date, the greatest importance to ESG is our commitment to providing LCG with a successful and measurable energy conservation program that will help the County achieve its goals in the areas of energy conservation, infrastructure improvement, and operating cost reduction - not the cost of the Audit Agreement.

Respectfully,

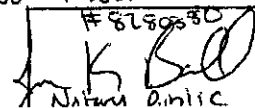

Gregg W. Eaton
Florida Sales Manager

STATE OF FLORIDA

COUNTY OF Pinellas

The foregoing instrument was acknowledged before me
this 14th day of October, 2004
by Gregg W. Eaton

Personally Known OR Produced Identification X
Type of Identification Produced Pinellas North Carolina Drive's hio


8750830
Notary Public

OCT 15 2004